



GREEN RETROFIT PROGRAM FOR MULTIFAMILY HOUSING

QUESTIONS AND ANSWERS

- 1. The Initial Feasibility Assessment worksheet does not have an input for Reserve for Replacement withdrawals that are included in the M&O expenses. Accordingly without taking into account the R&R withdrawals that are included in the P&L expenses, the initial assessment results will determine that a property is not initially eligible even though after taking into account the R&R withdrawals, it would be considered eligible.**

Answer: The Initial Feasibility Assessment makes a standard assumption that M&O expenses will decline by 10% after a GRP transaction; one of the reasons for this assumption is that some level of capital costs is typically included in the historical M&O expenses. If your project fails the formula Initial Feasibility Assessment you will need to provide project specific reasons why the project should be accepted (see Paragraph IV.E.5 of the GRP Notice; information on R&R withdrawals that are included in the P&L expenses is an example of a project-specific reasons that might be submitted). Finally, if your project is selected for the GRP and assigned to a PAE, the PAE will want to consider any similar information that you can provide, when the PAE underwrites the M&O expenses for the Final Feasibility Assessment.

- 2. Also the initial assessment does not work well with properties that have recently (past 2 years) closed M2M restructuring transactions. Can you please advise how R&R balances for M2M properties will be evaluated in processing a GRP application? i.e. Will owners of M2M properties be required to use a portion of their R&R funds as part of the GRP program?**

Answer: If your project has high account balances as discussed in Paragraph IV.F.3.b, an owner contribution would be required. This requirement applies to all Eligible Projects, including post-M2M projects.

- 3. Could you please provide additional information regarding the eligibility guidelines for businesses desiring to perform green retrofit/renovations for property owners?**

Answer: Individual property owners will make all decisions on contractors to perform Green Retrofit work. Properties accepted for processing and those on a waitlist will be listed on the hud.gov/recovery website upon acceptance of applications, beginning June 15, 2009.



- 4. I need clarification on the PAE sited under the GRP. Does HUD intend to contract out for PAE's to work on the GRP? Or, do you intend to use in-house PAEs?**

Answer: OAHP has sufficient PAEs already under contract to carry out expected work under the GRP.

- 5. In the GRP, I understand that repairs that are not Green Retrofits are ineligible for GRP funding. In the GRP Notice, Paragraph IV.F.3.c indicates that these non-Green repairs must be completed prior to closing. If there are valid reasons why a particular repair cannot be completed quickly, will OAHP consider waiving this Notice provision so that the closing can go forward?**

Answer: OAHP expects that generally, any such required critical repair items would be sufficiently important that the GRP Notice provision should be applied as written.

- 6. In the GRP, I understand that repairs that are not Green Retrofits are not eligible to be included in the Rehabilitation Escrow. Would OAHP consider a waiver of this requirement if such a repair was an integral part of a Green Retrofit? For example, if Green cabinets and countertops are being funded under the GRP, and if the owner wished to pay for and install new Traditional sinks at the same time, would OAHP consider allowing (or requiring) the owner to deposit the funds with the Rehabilitation Escrow Administrator?**

Answer: OAHP expects that it will rarely if ever be appropriate to consider or issue such a waiver. However, OAHP will consider Notice waivers on a case by case basis. In this situation, OAHP would need to understand why compliance with the Notice as written would be materially detrimental to the project.

- 7. Does the GRP underwriting model include an area to document repairs required to be funded by the owner and completed prior to closing?**

Answer: Yes. See the Rehab Escrow Needs page.



- 8. Can the Green Retrofit Program assist newly constructed projects? The Sponsor just received Section 202 funding in FY2008 and the building has yet to be developed. They wish to use the funds to make their proposed design more energy efficient.**

Answer: No. The GRP is a retrofit program targeted to existing projects that need significant capital investment for energy and green retrofits; new construction does not fit within this definition.

- 9. Where is the Green Retrofit Program web site?**

Answer: All GRP materials are available on the www.hud.gov/recovery website. Click on Programs, toward the top of the page, then select Green Retrofit Program for Multifamily Housing under Competitive Programs.

- 10. Where can I find the Notice and Application referenced in the May 13 webinar?**

Answer: The notice is H09-02 and can be found on the www.hud.gov/recovery website. Click on Programs, toward the top of the page, then select Green Retrofit Program for Multifamily Housing under Competitive Programs. The Notice and the Application are both located in the bottom right corner of the page, under Resources.

- 11. Where can I find the May 13 webinar?**

Answer: The GRP webinar was part of a two day Recovery Act webinar that began May 12 (the GRP portion of the webinar was broadcast May 13). The GRP webinar is available for download from the www.hud.gov/recovery website. Under Featured News (May 12), click View the Recovery Webcasts Schedule. The webinar is the afternoon session on May 13; clicking on the webinar name will start the broadcast.



- 12. In HUD NEWS, HUD No. 09-061, 051409: “SECRETARY DONOVAN ANNOUNCES...RECOVERY ACT FUNDING TO PROMOTE ENERGY EFFICIENT AND GREEN RETROFITS IN MULTI-FAMILY HOUSING”, it says that applications will not be accepted prior to June 15 and then advises to file applications early. Is that a contradiction?**

Answer: No. Because applications will be considered on a first-come, first-served basis, for example, applicants who submit on June 15 will have an advantage over applicants who submit on June 16.

- 13. Are consultants, engineers, architects, and owner’s fees eligible expenses under the GRP?**

Answer: No. The owner incentives offered in the GRP are intended to incentivize prompt and effective implementation of the program, and offset costs owners may incur in participating in the program. Consultants, engineers, architects, and owner’s fees are not eligible project expenses, nor eligible expenses under GRP.

- 14. Are old 202(SHPs) with no project based section 8 eligible for this program?**

Answer: No, the language of the law specifically refers to projects receiving project-based assistance under Section 202. This excludes projects without project-based assistance.

- 15. Are state funded and/or HUD insured projects with project based section 8 eligible for this program?**

Answer: Yes. The project-based Section 8 assistance makes these eligible. As with all properties, as a condition of application the owner will have to evidence consent from the current lender to the addition of recorded debt on the property.

- 16. Are 236 projects eligible for the Green Initiative? We are an affordable housing developer in Cambridge MA that owns a 300 unit project that would benefit from this green initiative but did not see any description on whether 236 projects were eligible.**

Answer: Eligibility for the program is determined by the type of subsidy rather than the type of financing on the property. If the subject property receives project-based assistance under Section 8, Section 202, or Section 811, it is eligible to participate. For example, project-based Section 8 properties with 236 financing qualify. A non-assisted project with 236 financing will not qualify.



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17. I have a Section 202 project with a Project Rental Assistance Contract (PRAC). Is this project eligible for the GRP?

Answer: Yes.